

Fiduciary Income Tax

For Assistance

If you have questions, please call one of the following help numbers.

Phoenix (602) 255-3381
Other Arizona areas . . (800) 352-4090
Form Orders (602) 542-4260
Forms by Fax (602) 542-3756
Recorded tax information
Phoenix (602) 542-1991
Other Arizona areas (800) 845-8192
Hearing impaired TDD user
Phoenix (602) 542-4021
Other Arizona areas . (800) 397-0256

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<http://www.revenue.state.az.us>

Who Must File

If an estate or trust has income subject to Arizona tax, the fiduciary, or fiduciaries, must file a return when any of the following apply:

1. The estate's Arizona taxable income for the tax year is \$1,000 or more.
2. The trust's Arizona taxable income for the tax year is \$100 or more.
3. The estate's or trust's gross income for the tax year is \$5,000 or more, regardless of the amount of the taxable income.

The above also applies to bankruptcy estates.

The fiduciary does not have to file a return if the income does not exceed the amounts shown in items 1 through 3 above.

The fiduciary must file a final return for an estate when the fiduciary is requesting a tax certificate required by the probate court. In this case, the fiduciary must file a final return regardless of the estate's income. See instructions for requesting a certificate on page 3.

Estates

Arizona taxes the income of an estate as follows:

1. If the decedent was an Arizona resident at the time of death, the estate is taxable on the entire net income of the estate.
2. If the decedent was an Arizona nonresident at the time of death, the estate is taxable on all income derived from Arizona sources.

Trusts

The income of a trust is taxable based on the residence of the fiduciaries and beneficiaries. The following situations will determine the taxable income of a trust:

1. If the fiduciary or fiduciaries are all Arizona residents, the trust is taxable on the trust's net income from all sources. All of the trust's net income is subject to Arizona tax, regardless of the residence of the settlor (grantor) and beneficiaries.
2. If all the beneficiaries are Arizona residents, the trust is taxable on the trust's net income from all sources. All of the trust's net income is subject to Arizona tax, regardless of the residence of the settlor (grantor) and fiduciaries.
3. If the settlor (grantor), the fiduciary, and the beneficiaries are all Arizona nonresidents, the trust is taxable on all income derived from Arizona sources.
4. If there are two or more fiduciaries, and one or more are Arizona residents, and one or more are not, and all the beneficiaries and the settlor (grantor) are not Arizona residents, the trust is taxable on all income derived from Arizona sources. The trust is also taxable on that portion of the net income from all other sources that the number of Arizona resident fiduciaries bears to the total number of fiduciaries.

5. If one or more of the beneficiaries are Arizona residents, and one or more are not, and the fiduciary and settlor (grantor) are not Arizona residents, the trust is taxable on all income derived from Arizona sources. The trust is also taxable on that portion of the net income from all other sources that the trust will eventually distribute to the Arizona resident beneficiary(ies).

Fiduciary Filing Return on Form 140

1. A personal representative must file a return on Form 140 if any of the following apply:
 - a. The Arizona adjusted gross income of a single decedent was \$5,500 or more.
 - b. The gross income of a single decedent was \$15,000 or more.
 - c. The Arizona adjusted gross income of a married decedent for which the representative will file a separate return was \$5,500 or more.
 - d. The gross income of a married decedent for which the representative will file a separate return was \$15,000 or more.
 - e. The Arizona adjusted gross income of a married decedent and his or her surviving spouse for which a joint return will be filed was \$11,000 or more.
 - f. The gross income of a married decedent and his or her surviving spouse for which a joint return will be filed was \$15,000 or more.

Gross income is gross income as defined under the Internal Revenue Code less income included in gross income that is excluded from Arizona taxation.

Example:

A taxpayer died on June 29, 1997. The decedent had wages of \$9,700 and interest income of \$920 received through the date of death. The personal representative files a final Form 140 for the period January 1, 1997, through June 29, 1997. The personal representative notes on the Form 140 that the taxpayer is deceased as of June 29, 1997. The personal representative reports the wage and interest income of \$10,620 on the Form 140. The personal representative reports all income that the estate receives from June 30, 1997, forward on the Form 141.

2. A fiduciary who has charge of the income of an individual must file a return of income on Form 140 if that individual's income meets the filing requirements. Such fiduciaries include guardians of minors and guardians or committees of legally incompetent persons.

Where several fiduciaries exist, a return filed by one of two or more joint fiduciaries is sufficient.

NOTE: *Charitable remainder trusts should file on the Arizona Form 141. The fiduciary should indicate that the return is for a charitable remainder trust by checking the appropriate box on line 6.*

When To File

You must file a return made on a calendar year basis by April 15, 1998. You must file a return made on a fiscal year basis by the 15th day of the fourth month following the close of the fiscal year. Your filing date must be the same for Arizona as it is for federal purposes.

You may request an extension if you know you will not be able to file on time. *An extension does not extend the time to pay the income tax. Failure to pay at least 90 percent of the tax due by the original due date will result in a penalty.* Beginning April 16, Arizona charges interest on any unpaid tax. The extension underpayment penalty is one-half of one (.005) percent of the tax not paid for each 30 day period or fraction of a 30 day period. The

extension underpayment penalty cannot exceed 25 percent of the unpaid tax.

To Get a Filing Extension, You Can Either:

1. Apply for a state extension - (Form 204). To request a filing extension for only your Arizona return, file Arizona Form 204 by the original due date of your return. See Form 204 for details.
2. Use your federal extension - (Federal Form 2758 for estates or federal Form 8736 for trusts). Arizona will accept your federal extension for the same period.

Attach a copy of your extension to the front of your return when you file.

Estimated Payments

An estate or trust does not have to make estimated payments. An estate or trust may elect to make Arizona estimated tax payments on Arizona Form 140ES.

Penalties and Interest

A. Late Filing Penalty. The late filing penalty is 5 percent of the tax found to be remaining due for each month or a fraction of a month the return is late. This penalty cannot exceed 25 percent of the tax found to be remaining due.

B. Extension Underpayment Penalty. The department imposes this penalty if you do not pay 90 percent of the tax liability shown on the return filed under an extension by the return's original due date. The department may also impose this penalty if you do not attach the extension to your return when you file. The extension underpayment penalty is one-half of one percent (.005) of the tax not paid for each 30 day period or fraction of a 30 day period. The department imposes this penalty from the original due date of the return until you pay the tax. The extension underpayment penalty cannot exceed 25 percent of the unpaid tax.

C. Late Payment Penalty. The department imposes the late payment penalty if you do not pay the tax by the time prescribed for its payment. The late payment penalty is 10 percent of

the tax not paid within the time prescribed for its payment.

NOTE: *If you are subject to two or more of the above three penalties, the maximum combined penalty cannot exceed 25 percent.*

D. Interest. The department charges interest on any tax not paid by the due date even if you have an extension. The department charges interest from the original due date to the date of payment. The Arizona rate of interest is the same as the federal rate. Contact one of the help numbers listed on page 1 of these instructions for the current interest rate.

Amended Returns

If you are filing an amended Form 141, check the amended return box on line 6. Enter clearly the year being amended in the appropriate space on the top portion of the front page. Complete the entire return, correct the appropriate line(s) with the new information, and recompute your tax liability. On an attached schedule, explain the reason(s) for the amendment(s) and identify the line(s) and amount(s) being changed on the amended return. Also attach a copy of the amended federal Form 1041.

NOTE: *You must plainly mark an amended return "Amended" by checking the appropriate box on line 6. The period covered by this return must be the same accounting period as covered by the original return.*

Copy of Will or Trust Instrument

Upon the department's request, the fiduciary must submit a copy of the will or trust instrument when the estate's or trust's gross income is \$5,000 or more. The fiduciary must swear that the will or trust instrument is a true and complete copy.

Reporting Payments Made by a Trust or Estate

An estate or trust that paid salaries, wages, commissions, interest, rents, or other fixed or determinable income during the taxable year may have to report those payments to the

department. The fiduciary may have to file a copy of the information return filed with the IRS. If the fiduciary reported a portion of wage and salary payments on a Form W2, the fiduciary should report only the remainder on the appropriate information return. The fiduciary must report distributions to beneficiaries of an estate or trust on Form 141, Schedule K-1 or Schedule K-1(NR).

Request for Certificate of Payment of Taxes

If an estate is being probated, the fiduciary may have to obtain a certificate from the department that shows no income tax is due. The probate court may require this certificate before approving the fiduciary's final account.

Arizona law requires a certificate only when all of the following apply.

1. The estate is subject to probate.
2. The value of the assets of the estate at the decedent's date of death exceeds \$20,000.
3. The estate has a beneficiary that is not an Arizona resident.

In order for the department to issue a certificate, all of the following criteria must be met.

1. A return must be filed by or on behalf of the decedent and for the estate for each taxable year in which the respective incomes of the decedent or estate exceeded the requirements for filing returns.
2. A final return must be filed at the time the certificate is requested, regardless of the gross or net income for such year. If there is no income, submit a return with "zero" on all lines.
3. The request must contain a statement regarding the status of returns filed by or on behalf of the decedent or for the estate for the four taxable years immediately preceding the date of the request. The required statement must indicate the years for which returns were filed. It must also indicate the years for which the gross and Arizona

taxable incomes were less than the amount necessary to require the filing of returns. The fiduciary must make the statement under declaration of perjury.

4. The fiduciary has filed Arizona Form 210.

IMPORTANT: *Make requests for this income tax certificate separately. Do not attach requests for the income tax certificate to Form 141. The department can issue certificates only if required by the probate court.*

Address requests to:
Fiduciary Unit Certificate Request
Arizona Department of Revenue
1600 W Monroe
Phoenix AZ 85007
Call (602) 542-4022 in Phoenix for further assistance.

Additional Returns or Forms You May Have to File

Form 140, 140PY, or 140NR to report a decedent's income for the period to the date of death.

Form 210 - Notice of Assumption of Duties in a Fiduciary Capacity-Filed on all estates

Form 74 - Report of Personal Representative of Decedent

Form 76 - Arizona Estate Tax Return

Form 204 - Extension of Time To File

Form 140ES - Estimated Tax Payments

Line-by-Line Instructions

Period Covered

The fiduciary must file this return for a calendar year or for a fiscal year ending on the last day of any month other than December (not to exceed 12 months). Your accounting period must be the same for Arizona as it is for federal purposes.

You must adhere to the accounting period established for subsequent years unless you receive written permission to change from the department.

If filing for a calendar year, enter the year. If filing for a fiscal year, enter the beginning and ending month and year.

Lines 1 through 4 -

Enter the name of the estate or trust. Also enter the name, title, address, and zip code of the fiduciary.

Lines 5a and 5b -

If you are filing this return for an estate check box 5a. If you are filing this return for a trust check box 5b. For an estate, enter the decedent's social security number on line 5a and the estate's federal employer identification number on line 5b. For a trust, enter the federal employer identification number on line 5b.

Line 6 -

Check the box(es) that identify the type of return you are filing.

Line 7 -

Federal Taxable Income of Fiduciary

Enter the federal taxable income shown on page 1 of the federal Fiduciary Return, Form 1041. If you are filing for a nonresident estate or trust, enter only the amount of federal taxable income from Arizona sources. You must also attach a schedule showing the proration.

NOTE: *Grantor trusts file only an information return since the income reverts to the grantor. The grantor reports this income on the individual income tax return (Form 140). Do not enter any numerical figures on the face of the return. Go directly to the signature line. The fiduciary should indicate that the return is for a grantor trust by checking the appropriate box on line 6.*

Line 8a -

Federal Distribution to Beneficiaries

Enter the total amount of distributions deducted on federal Form 1041.

Line 8b -

Federal Estate Tax Deduction

Enter the amount of the federal estate tax deduction used in computing federal taxable income on federal Form 1041.

Enter this amount only to the extent it is included on line 7 of Arizona Form 141.

Line 8c - Federal Fiduciary Exemption

Enter the fiduciary exemption claimed on the federal Form 1041. Enter this amount only to the extent it is included on line 7 of Arizona Form 141.

Line 8d -Arizona Income From Other Fiduciaries

If there is income from another estate or trust, enter the amount from Arizona Form 141, Schedule K-1. If you make an entry here, you will need to subtract the amount of estate or trust income shown on your federal Form 1041, Schedule K-1. See the line 11b instructions for the subtraction.

Line 8e - State or Municipal Bond Interest

Enter any interest income taxable by Arizona from non-Arizona municipal bonds that you did not include as income on the federal return.

NOTE: *Beginning with the 1997 tax year, you may now reduce this addition by any interest or other related expenses incurred to purchase or carry the obligation. Reduce the addition by the amount of those expenses that you could not deduct on your federal return.*

Line 8f - Other Additions to Federal Taxable Income

Enter any other additions, including those shown below, to federal taxable income (shown on line 7 of Form 141). Attach your own schedule.

A. Net Operating Losses

Arizona does not have specific net operating loss provisions for trusts or estates. Arizona conforms to the federal net operating loss provisions. You may have already deducted the net operating loss included on the federal return on a prior year Arizona return. Enter on line 8f of the Arizona return that portion of the net operating loss included in the federal taxable income that has already been taken as a net operating loss for Arizona purposes.

B. Annuity Income in Excess of Contributions

Enter any annuity income received during the tax year to the extent that the sum of the proceeds received from the annuity in all taxable years prior to and including the current tax year exceeds the total consideration premiums paid by you. This applies only to those annuities for which the first payment was received before December 31, 1978.

C. Excess of a Partner's Share of a Partnership Taxable Income or Loss

Use this adjustment only if your Arizona Form 165 Schedule K-1 indicates a difference between federal and state distributable income.

If the partnership income shown on your federal return is less than that taxable by Arizona from your Schedule K-1, enter the difference here.

D. Income Recognized Due to Difference in Adjusted Basis of Property

Enter the amount by which the adjusted basis of property described in this paragraph computed pursuant to the Internal Revenue Code exceeds the adjusted basis of the 1979 income statutes. This adjustment must apply to all property held for the production of income that is sold or otherwise disposed of during the tax year except depreciable property used in a trade or business.

E. Claim of Right Adjustment for Amounts Repaid in 1997

You must make an entry here if all of the following apply:

1. During 1997, you were required to repay amounts held under a claim of right.
2. The amount required to be repaid during 1997 was more than \$3,000.
3. You took a deduction for the amount repaid on your 1997 federal income tax return.

If the above apply, enter the amount deducted on your federal income tax return.

For more information on the Arizona claim of right provisions, see Arizona Department of Revenue Individual Income Tax Procedure ITP 95-1. To get a copy of this procedure, call one of the help numbers listed on page 1 of these instructions.

F. Claim of Right Adjustment for Amounts Repaid in Prior Taxable Years

You must make an entry here if all of the following apply:

1. During a year prior to 1997 you were required to repay amounts held under a claim of right.
2. You computed your tax for that prior year under Arizona's claim of right provisions.
3. A net operating loss or capital loss was established due to the repayment made in the prior year.
4. You are entitled to take that net operating loss or capital loss carryover into account when computing your 1997 Arizona taxable income.
5. The amount of the loss carryover included in your federal income is more than the amount allowed to be taken into account for Arizona purposes.

Enter the amount by which the loss carryover included in your federal income is more than the amount allowed for the taxable year under Arizona law.

G. Other Adjustments

Other special adjustments may be necessary for depreciation or amortization of pollution control devices, child care facilities, recycling materials equipment, or other items. Call one of the help numbers listed on page 1 of these instructions for more information on these adjustments.

Subtractions From Income

You may only subtract those items for which statutory authority exists. Without such authority you cannot take a subtraction. If you have any questions concerning subtractions from income,

call one of the help numbers listed on page 1 of these instructions.

NOTE: *You cannot subtract any amount that is allocable to income excluded from Arizona taxable income.*

Subtractions From Federal Taxable Income

Line 11a - Interest Received on U.S. Obligations

Enter the amount of interest income from U.S. Government obligations included on line 7. U.S. Government obligations include obligations such as U.S. savings bonds and treasury bills. You cannot deduct any interest or other related expenses incurred to purchase or carry the obligations. If such expenses are included in Arizona gross income, you must reduce the subtraction by such expenses.

NOTE: *Do not subtract interest earned on FNMA or GNMA bonds since this interest is taxable by Arizona. For more information, see the department's Guidelines for Exempt Securities. To get a copy of this guideline, call one of the help numbers listed on page 1 of these instructions.*

Do not subtract any amount received from a qualified pension plan that invests in U.S. Government obligations. Do not subtract any amount received from an IRA that invests in U.S. Government obligations. These amounts are not interest income. For more information, see Arizona Department of Revenue Income Tax Rulings ITR 96-2 and ITR 96-3. To get a copy of these tax rulings, call one of the help numbers listed on page 1 of these instructions.

Line 11b - Federal Income From Other Fiduciaries

If the estate or trust is the beneficiary of another estate or trust, enter the beneficiary's share of the trust or estate income recognized under the Internal Revenue Code. Enter this amount only

to the extent it is included on line 7 of Arizona Form 141.

Line 11c - Arizona Estate Tax Deduction

Enter the apportionate share of the Arizona estate tax related to income in respect of the decedent to the extent that income is included on line 7 of Form 141.

Line 11d - Distribution to Beneficiaries Determined Under Arizona Law

Enter the combined totals of the beneficiaries' shares of distributable income determined under Arizona law.

NOTE: *There is no provision in the Arizona law to distribute losses.*

Line 11e - Agricultural Crops Given to Charitable Organizations

Arizona law allows a subtraction for qualified crop gifts made during 1997 to one or more charitable organizations. To take this subtraction, the estate or trust must be engaged in the business of farming or processing agricultural crops. The crop must be grown in Arizona. The gift must be made to a charitable organization located in Arizona that is exempt from Arizona tax.

The subtraction is the greater of 80 percent of the wholesale market price or 80 percent of the most recent sale price for the crop given.

To determine if your crop gift qualifies for this subtraction, see Arizona Department of Revenue Procedure, ITP 93-2. To get a copy of this procedure, call one of the help numbers listed on page 1 of these instructions.

Line 11f - Alternative Fuel Vehicles and Refueling Equipment

Arizona law allows a subtraction for alternative fuel vehicles.

To figure your subtraction complete Form 313. Enter the amount from Form 313, part 1, line 28, here.

Line 11g - Other Subtractions From Federal Taxable Income

Enter the following other subtractions from federal taxable income. Attach your own schedule.

IMPORTANT: *You may not duplicate the deduction of administration expenses. An estate cannot deduct any amount deductible as administration expenses for estate tax purposes. The estate may deduct these expenses on the income tax return only if the estate files with the department a statement in duplicate that indicates all of the following.*

- 1. The estate has not taken these expenses as a deduction for estate tax purposes*
- 2. The estate will not claim these expenses as a deduction for estate tax purposes.*

A. Exclusion for U.S. Government, Arizona State, or Local Government Pensions

If the estate or trust received pension income from any of the sources listed below, subtract the amount received or \$2,500, whichever is less. Only include amounts which the estate or trust reported as income on the federal return.

Public pensions from the following sources qualify for this subtraction:

- The United States Government Service Retirement and Disability Fund
- The United States Foreign Service Retirement and Disability System
- Retired or retainer pay of the uniformed services of the United States
- Any other retirement system or plan established by federal law

NOTE: *This applies only to those retirement plans authorized and enacted into the U.S. Code. This does not apply to a retirement plan that is only regulated by federal law (i.e., plans which must meet certain federal criteria to be qualified plans).*

- The Arizona State Retirement System
- The Arizona State Retirement Plan
- The Corrections Officer Retirement Plan
- The Public Safety Personnel Retirement Plan
- The Elected Officials' Retirement Plan
- A retirement plan established for employees of a county, city, or town in Arizona
- The optional retirement program established by the Arizona Board of Regents under Arizona Revised Statutes

NOTE: *Public retirement pensions from states other than Arizona do not qualify for this subtraction.*

B. Refunds From Other States

Enter any state income tax refunds received from states other than Arizona. Enter this amount only to the extent it is included on line 7 of Arizona Form 141.

C. Annuity Income, First Payment Received Prior to December 31, 1978

Arizona allows a trust or estate to subtract the amount of annuity income included in the trust's or estate's federal income pursuant to Internal Revenue Code § 72 if the first payment with respect to such annuity was received prior to December 31, 1978.

D. Difference in Adjusted Basis of Property

Enter the amount by which the adjusted basis of property described in this paragraph, computed according to Title 43 of the Arizona income tax laws effective January 1, 1979, and the Income Tax Act of 1954 as amended, exceeds the adjusted basis of such property computed according to the Internal Revenue Code. This adjustment applies to all property, other than depreciable property used in a trade or business, held for the production of income that the trust or estate sold or otherwise disposed of during the tax year.

E. Qualified Wood Stove, Wood Fireplace, or Gas Fired Fireplace

Arizona law provides a subtraction for the purchase of a qualified wood stove, qualified wood fireplace, or gas fired fireplace and non-optional equipment directly related to its operation. You may subtract up to \$500 for the purchase and installation on property located in Arizona of a qualified wood stove, qualified wood fireplace, or gas fired fireplace.

Arizona law also provides a subtraction for converting an existing fireplace to a qualified wood stove, qualified wood fireplace, or gas fired fireplace and non-optional equipment directly related to its operation. You may subtract up to \$500 for converting an existing fireplace on property located in Arizona to a qualified wood stove, qualified wood fireplace, or gas fired fireplace.

F. Claim of Right Adjustment for Amounts Repaid in Prior Taxable Years

You must make an entry here if all of the following apply:

1. During a year prior to 1997 you were required to repay amounts held under a claim of right.
2. You computed your tax for that prior year under Arizona's claim of right provisions.
3. A net operating loss or capital loss was established due to the repayment made in the prior year.
4. You are entitled to take that net operating loss or capital loss carryover into account when computing your 1997 Arizona taxable income.
5. The amount of the loss carryover allowed to be taken into account for Arizona purposes is more than the amount included in your federal income.

Enter the amount by which the loss carryover allowed for the taxable year under Arizona law is more than the amount included in your federal income.

G. Certain Expenses Not Allowed For Federal Purposes

Beginning with the 1997 tax year, you may subtract some expenses that you cannot deduct on your federal return when you claim certain federal tax credits. These federal tax credits are:

- The federal work opportunity credit
- The empowerment zone employment credit
- The credit for employer-paid social security taxes on employee cash tips
- The Indian employment credit

If you received any of the above federal tax credits for 1997, enter the portion of wages or salaries you paid or incurred during the taxable year equal to the amount of those federal tax credits you received.

H. Income of a Trust Established as a Medical Savings Account

Arizona law provides a subtraction of income earned during the taxable year by a trust established as a medical savings account. Subtract such amounts only to the extent the trust included the income in Arizona gross income.

I. Employer Contributions Made to Employee Medical Savings Accounts

If you are an employer, you may subtract the amount contributed to your employees' medical savings accounts that are established under Arizona law. You can subtract these contributions only to the extent not deductible for federal income tax purposes. You can subtract these contributions only to the extent included in your Arizona gross income.

J. Other Adjustments

Other special adjustments may be necessary for depreciation or amortization of pollution control devices, recycling materials equipment, or other items. Remember, you may only subtract those items authorized by statute. Call one of the help numbers listed on page 1 of these instructions if you have any questions concerning subtractions from income.

Line 12 - Total Subtractions

Add lines 11a through 11g.

Line 13 - Adjusted Gross Income

Subtract line 12 from line 10.

Line 14 - Exemption

If this return is for an estate, enter \$1,000.

If this return is for a trust, enter \$100.

Tax Computation**Line 16 - Tax Amount**

Compute the tax on the amount on line 15 from the tax rate table.

Line 17 - Credit for Taxes Paid to Other States or Countries

If both Arizona and another state or country consider an estate or trust to be a resident, Arizona will allow the estate or trust a tax credit against the Arizona income tax liability for taxes paid to the other state or country.

For the purpose of this credit, Arizona considers an estate or trust to be a resident of the state or country legally entitled to tax the income of the estate or trust regardless of whether the estate or trust derives income from sources in that state or country.

The credit allowed on the Arizona fiduciary return is subject to the following conditions:

1. The credit is allowed only for the proportion of the taxes paid to the other state or country that the income taxable to Arizona and also subject to tax in the other state or country bears to the entire income on which the taxes paid to the other state or country are imposed.
2. The credit cannot exceed the proportion of the tax payable to Arizona that the income subject to tax in the other state or country and also taxable to Arizona bears to the entire income that is taxable to Arizona.

NOTE: *An Arizona resident estate or trust may claim this tax credit only if it is also a resident of another state or country and subject to taxation of income regardless of the source in both jurisdictions.*

If claiming this tax credit, you must attach the following items to the Arizona Form 141:

1. A copy of the other state or country's income tax return.
2. A schedule showing how the credit was calculated.

Payments**Line 19 - Arizona Estimated Tax Payments**

If you made any estimated tax payments to the State of Arizona for 1997, enter that amount.

Line 20 - Payments With Extension

Enter the amount of payment made with an extension request (Form 204).

Line 21 - Payment With Original Return (if amending)

Enter the payment sent with the original Form 141 return. Also include any additional tax payments made after the return was filed.

Line 22 - Total Payments

Add line 19 through 21 enter the total.

Also, do the following if you computed your 1997 tax under Arizona's claim of right provisions.

1. Write "ARS 43-1029" and the amount of the prior year tax reduction in the space to the left of your total payment amount.
2. Include the credit for the prior year tax reduction in the total entered on line 22.
3. Attach a schedule explaining the amounts repaid and the computation of the tax reduction for the prior year(s).

For more information on Arizona's claim of right provisions, see Individual Income Tax Procedure ITP 95-1. To get

a copy of this procedure, call one of the help numbers listed on page 1 of these instructions.

Line 23 - Refund From Original Return (if amending)

Enter any refunds received from your original filing.

Overpayment or Balance Due**Line 25 - Balance Due**

Subtract line 24 from line 18. This is the amount you owe. Make your check payable to the Arizona Department of Revenue. Be sure to write the social security number (for estates) or the federal employer identification number (for trusts) on the front of the check.

Line 26 - Refund Due

Subtract line 18 from line 24 if line 24 is more than line 18. This is the amount the State of Arizona owes you.

Line 27 - Amount of Line 26 to be Applied to Your 1998 Estimated Tax

If you want all or part of the refund applied to next year's Arizona estimated taxes, enter that amount.

Declaration

The individual or authorized officer of the organization receiving or having custody, control, or management of the income of the estate or trust must sign the declaration. If two or more individuals act jointly as fiduciaries, any one of them may sign the declaration.

Page 2 Questions

Answer questions 1 through 8 on page 2.

Filing Reminder to Fiduciary Filers

1. Be sure to use the correct year's form to file your return. Also be sure to clearly mark the period covered by the return.
2. Enter the correct social security number and/or federal employer identification number on return. If Form 140 was also filed for the same

taxpayer, please use same name and social security number.

3. If you are ready to file but have not yet received a federal identification number, you may file the return.

Let us know what the number is as soon as you receive it. Send your correspondence to: Fiduciary Unit, Arizona Department of Revenue, 1600 W. Monroe, Phoenix AZ 85007.

4. Put a social security number or federal identification number on front of all checks and correspondence.
5. Send all correspondence separate from returns to: Fiduciary Unit, Arizona Department of Revenue, 1600 W Monroe, Phoenix AZ 85007. Do not attach correspondence to the back of returns.
6. Do not include any Arizona withholding amounts from Form(s) W2. Withholding amounts from Form(s) W2 must be reported on Form 140, Form 140A, Form 140NR, or 140PY only.
7. When filing returns that generate a refund due to any previous payments (i.e., amount paid with extension, amount paid as estimated payment, amount paid

with original returns), it may speed the refund process if a copy of the canceled check of the previous payment accompanies the return generating the refund.

8. If you are a fiscal year filer (for periods not ending in December), use Tax Rate Table for the prior year. Example: If filing for April 1, 1996, to March 31, 1997, use the 1996 Tax Rate table. If this return is for a short taxable year, use 1997 Tax Rate Table. Example: If filing for June 13, 1997, to November 21, 1997, use the 1997 Tax Rate Table.
9. If your income is taxable but deductions bring your return to zero, make sure all necessary lines are filled in to support this declaration.
10. Grantor trusts file an information return using Form 141 showing no numerical figures for lines 7 through 27. Taxable income on a grantor trust reverts to the grantor. The grantor reports this income on the individual income tax return. The fiduciary should indicate that the return is for a grantor trust by checking the appropriate box on line 6.
11. When filing an amended Form 141 return, be sure the return is marked

as an amended return. Also be sure to enter the year you are amending.

You must plainly mark an amended return "amended" by checking the appropriate box on line 6.

12. File returns on time to avoid late filing and/or late payment penalties. Returns are due on the 15th day of the fourth (4th) month from the date the tax period ends.

Taxpayer Identification Number

All returns, statements, and other documents filed with the Department of Revenue require a taxpayer identification number (TIN). The TIN is either a correct social security number or, for a business, the federal employer identification number. Paid tax preparers must also include their TIN on forms where requested. Taxpayers and paid preparers who fail to include the proper TIN may be subject to a penalty. Please check the return to be sure that all required identification numbers are accurate and written clearly. Missing, incorrect, or unclear identification numbers may cause delays in processing the returns.

1997 Tax Rate Table for Estate or Trust

Income Brackets		Tax Base
If the amount on line 15 is:		
Over	But not over	
\$ 0	\$ 10,000	2.9% of taxable income
\$ 10,000	\$ 25,000	\$ 290, plus 3.3% of the excess over \$10,000
\$ 25,000	\$ 50,000	\$785, plus 3.9% of the excess over \$25,000
\$ 50,000	\$ 150,000	\$1,760, plus 4.8% of the excess over \$50,000
\$ 150,000	and over	\$6,560, plus 5.17% of the excess over \$150,000